





ers to build buying power through wages and shorter hours. We may see the approach toward a working partnership between organized capital, organized labor and government. We shall certainly see the financial and industrial capital of the United States moved from New York to Washington, and the privateers of finance and industry submitting to more rigid regulation in return for being allowed to play the game. We shall hope to see less of profiteering and less of poverty and a prosperity among the masses that carries with it a measure of security and contentment.

The structure of laws just enacted appears to an old-school capitalist as "socialistic." It is interesting that, except for the National Manufacturers' Association's opposition to the Industrial Recovery Act, capital as a whole has accepted these laws as emergency minima, and look to them to halt the plunge toward chaos. Here, briefly, are the laws and what they mean:

#### Business and Agriculture

1. The Industrial Recovery Act, the tradition-smashing measure that aims at a coöperation between government, industry and labor in combating "unfair practices" and restoring the buying power of the masses. This No. 1 reconstruction aid permits industry to form trade associations in temporary violation of the anti-trust laws if industry in turn will submit its trade codes to the government. By this means industry may plan production, labor may see the elimination of sweatshops, child labor, long hours, unemployment. The bill also provides for a \$3,300,000,000 public works program and new taxes to retire bonds for this building bee. Compared with this last great measure of the outgoing session all other emergency laws are insignificant.

2. Farm Relief-Inflation Act. This all-embracing agricultural relief bill aims to restore the balance between farm and city incomes by means of an equalization tax placed on the processors of seven major farm products. This tax is collected by the government and returned to the farmer in the form of bonuses. The farmer, in turn, must retire a proportionate amount of land to reduce the surplus. Appended to this act is a provision to refinance \$2,000,000,000 worth of farm mortgages at 4½ per cent. In this carry-all measure also is the provision permitting the president to inflate along one or more of three lines—issuance of \$3,000,000,000 of Treasury notes secured only by government credit; open-market purchases by the Federal Reserve Board; devaluation of the gold content of the dollar by as much as 50 per cent.

#### Relief Measures

3. Hunger Relief. This measure, known as the Wagner-Lewis act, provides the greatest single charity grant ever voted by a nation. It votes \$500,000,000 to the states for emergency relief. It differs from the old Hoover act in that the government aid is in the form of outright grants, not loans, to the states, and that it is administered by an expert almoner instead of by the politically manned Reconstruction Finance Board.

4. Railroad Relief. This is a relatively simple measure aimed at the elimination of waste and duplication in the transportation system. It sets up a Federal Coördinator of Transportation, aided by three coördinating committees representing the southern, eastern and western rail groups. The committees each contain seven members, one representing the electric, one the small steam roads and five the major lines of the region. The anti-trust laws are set aside by the coördinator in enforcing economies and consolidations. Labor's wages are to be conserved.

5. Small Home Owners Mortgage Relief. This creates a home-owners loan corporation with a \$200,000,000 government credit furnished by the Reconstruction Finance Corporation. This corporation is authorized to issue \$2,000,000,000 in bonds for refinancing mortgages at 5 per cent, amortized over fifteen years. Maximum aid given small home owners under this bill is

80 per cent of the mortgaged property, but not to exceed \$14,000.

6. Securities' Control. This is a drastic "blue-sky" law and establishes the machinery for publicity and scrutiny by the Federal Trade Commission over the issuance of stocks and bonds by private corporations. This measure, written for the administration by Dr. Felix Frankfurter of Harvard Law School, is full of teeth, and provides real penalties for the floaters of worthless issues.

#### Securities and Banking

7. Emergency Banking Reform. This measure, the first of the new Congress'

bringing all banks into one system as banks will seek to obtain guaranty privileges. Other important features of the bill include separation within two years of banks and investment affiliates, extension of branch banking in states which permit such practice and Federal Reserve supervision of all foreign transactions carried on by American banks.

#### Development Program

9. Muscle Shoals. This measure, long urged by the doughty Nebraska progressive, Senator Norris, is broadened to embrace not only government operation of the great federal dam and power plant at Muscle Shoals, but also to include a com-

projects. Its twofold aim is to conserve the jobless youth and the nation's forest lands.

#### Other Measures

11. Legalization of Beer. This measure, also passed early in March, permits the manufacture and sale of 3.2 per cent beer—and wine—with revenue and temperance in view. Revenue now is flowing in from the widespread sale of beer. It is hoped that the government will profit to the tune of \$150,000,000 from beer licenses. California grape men are seeking to widen its provisions to permit 10 per cent wine, but their fight seems hopeless in view of the repeal campaign and the hopes of the repealers of victory in thirty-six states this year.

12. Gold Clause Repeal. On request of the president, Congress by joint resolution cancelled the gold clause in all federal and private bonds, making them payable in "legal tender." While this merely legalized what had come to be a practice, the resolution drew bitter fire from critics who claimed it made a government bond's promise to pay in gold "a scrap of paper." The passage of the resolution has not affected the nation's credit or its ability to sell its bonds, as shown by the fact that its latest issue of \$1,000,000,000 was oversubscribed fivefold.

13. Economy. This measure, aimed at cutting \$1,000,000,000 from the federal expenses, also has been raked by severe fire, especially from friends of the veterans. The measure cut \$400,000,000 from veterans' benefits, and, according to many, bore down cruelly on those actually wounded in service. President Roosevelt has agreed to see justice done to combat-wounded ex-soldiers, and Congress critics are in a measure mollified. The purpose of the economy bill is to balance the budget, to make good the Democratic party's pledge to cut 25 per cent from the costs of the federal government, to set an example to states and cities in rigid economy.

14. Wagner Jobless Exchanges. This measure, a carry-over from the old Congress, was passed by both houses of the Seventy-second and pocket-vetoed by former President Hoover. It creates a great system of state-federal free employment exchanges. The federal government supervises creation of these exchanges, coördinates their functions and spends \$4,000,000 a year in their maintenance. Such a system is expected to be an important aid to the jobless in the reconstruction days to come, to help in reducing suffering, delay and other wastes in manning the public works projects, to aid in placement generally.

Many things the new Congress have left undone. They have neglected to take up the World Court resolution and the question of recognizing Russia. They have dodged the war debt and tariff issues. But their achievements are sensational and in few single instances have they refused to coöperate with the president in anything he really wanted. They have been good soldiers.

#### GOOD NEWS FROM ABROAD

Encouraging reports have been circulating the last few months regarding the number of unemployed going back to work in this country. Now comes word that employment in Great Britain and Germany is also increasing. British unemployment has declined for the fourth consecutive month and is now 320,000 below that of last January. And unemployment in Germany is reported to have been cut several hundred thousand since the first of the year.

These figures are particularly significant since throughout the depression unemployment has run higher in Germany and Great Britain than in the other countries of Europe. Reliable statistics on employment in our own country are not available. There is reason to believe, however, that substantial inroads on unemployment have been made during the course of the last few months as industry after industry has reported increased activity and employment.



© Ewing Galloway

#### MONEY AND INDUSTRY

Two chief concerns of the special session of Congress.

relief bills, was passed unanimously by the House on its opening day, March 9, and in the Senate on the same day by a vote of 73 to 7. This invests the president with war-time powers over credit, currency, gold and silver, takes us off the gold standard, provides for the appointment of "conservators" for closed banks, establishes the machinery for reopening closed banks under supervision of the government. It does not, however, fundamentally change the national banking system.

8. Permanent Banking Reform. The mild-mannered Glass-Steagall bill was passed by Congress at the last minute. This action came somewhat as a surprise for the measure had not been pushed by the administration. The president had been inclined to let fundamental changes in our banking system await the next session of Congress. The bill was passed, however, and will accomplish the beginnings of essential bank reform. It provides for the 100 per cent insurance of bank deposits up to \$2,500. After July 1, 1934, larger deposits will be made secure. Only Federal Reserve banks and state banks approved by the insurance corporation will be allowed to participate in the guaranty of deposits. This will result in eventually

prehensive development of the entire Tennessee Valley. Under this adventure in national planning the government embarks on a well-rounded program of reforestation, reclamation, power development, irrigation and industrialization of this important southern section. This development is to be carried forward by the Tennessee Valley authority, to be headed by Dr. A. E. Morgan, president of Antioch College. It is the realization of a dream of President Roosevelt's to create four great demonstration centers for cheap government-developed power, the other three being the Columbia Basin, St. Lawrence River and Boulder Dam. By this he hopes also to encourage a back-to-the-farm movement in which the farmers are enabled to supplement their earnings by wages from small industrial plants located in the rural regions. This is another of President Roosevelt's hobbies.

10. Forestry Unemployment Relief. This is another of the president's hobbies, a part of a general forest conservation program he hopes to undertake. It is under full swing, and eventually will give work-relief to 275,000 young men in the planting of trees, making of trails, establishment of fire prevention works and other forestation





HE last few days of Congress were hectic ones. Several of the administration's most important bills of the session were pushed through Congress at the last minute. These included the National Recovery Act, the home mortgage bill and also the Glass-Steagall banking reform bill, which, however, was not an administration bill. (For explanation of these and other measures passed by the special session of Congress, see page 1.)

Every effort was being made to have Congress adjourn by Wednesday, June 14. Only one important obstacle remained in the way. The Senate was trying frantically to cut off at least \$100,000,000 from the amount which President Roosevelt can reduce veterans' compensation. The president insisted that not more than \$50,000,000 should be reduced from his veterans' economy program.

One side or the other was expected to yield before long. One thing certain was that President Roosevelt wanted more than anything else for Congress to adjourn, so that senators and congressmen would not embarrass our position at the World Economic Conference by bitter debating. Therefore, it was thought that the president might give in to the Senate's demands, rather than prolong the special session of Congress.

### Moley and Howe

Should cabinet members and other high government officials accept pay for writing articles or for giving radio talks? This is a subject of much discussion at the present time. Raymond Moley, assistant secretary of state, who is also President Roosevelt's closest adviser, has signed a contract with a news syndicate for a series of paid articles. And Colonel Louis M. Howe, chief of the White House secretaries, is giving a series of radio talks, for which he is being paid a considerable sum.



© Acme  
RAYMOND O.  
MOLEY

Much criticism has been made against the administration for permitting this practice among high officials. Public servants have a right to express themselves freely, it is said, but they should not sell their expressions of opinion to any particular individual or group of individuals.

Vice-President Garner upheld this view a few days ago when he turned down an offer of \$52,000 a year for weekly broadcasts. This amount is about four times as much as Mr. Garner receives from his duties as vice-president.

### The Debt Crisis

Working from two quarters—through the World Economic Conference at London and through their representatives in Washington—the debtor nations whose semi-annual debt installments fell due June 15 pled for concessions on their payments. On the opening day of the London parley Prime Minister MacDonald thrust the war debt issue into the discussions urging leniency on the part of the United States government as a step toward economic recovery. At Washington, the British ambassador, Sir Ronald Lindsay, presented a note to the administration offering part payment on the \$75,950,000 installment. As we go to press, President Roosevelt has this note, as well as a similar request from the Italian government, under consideration. It is reported that he will accept these partial payments in order to prevent default. Meanwhile, the usual cries of protest against European debt policies were raised in Congress. Two senators, J. Hamilton Lewis of Illinois and Arthur R. Robinson of Indiana, demanded that the American delegation at London withdraw from further participation in the economic conference. It was expected that the administration would be obliged either to accept the partial payments offered or to face an all-round default on the part of the debtor nations.

### Roosevelt on Vacation

By the time this paper reaches its readers, President Roosevelt will most likely be sailing along the coast of Massachusetts. The president, in planning his first vacation since he entered the White House, intended to make a visit on June 16 to the Groton School in Massachusetts,

where his son, Franklin, Jr., was to be graduated. From there the president expected to board a schooner for a slow cruise of two weeks along the New England coast. Three of his sons—James, John and Franklin, Jr.—will accompany him on the sea trip, after which the president will return to Washington where he will remain the entire month of July.

### Bond Issue Oversubscribed

That Americans still have complete confidence in the financial stability of their government was amply demonstrated last week. The government was in need of \$1,000,000,000 to meet various obligations. It launched a bond issue for this amount at a very low rate of interest. In three days the issue had been oversubscribed five times. Thus, despite the fact of the government's recent action in taking out of all securities the promise to pay in gold, investors clearly showed that they have the utmost faith in the government's ability to repay its obligations in "sound" money.

### Senators Attack Hitler Policy

Senator Robinson of Arkansas, the Democratic floor leader, led an attack on the floor of the Senate last week upon Hitler's anti-Jewish policy. In a prepared speech the Arkansas senator described the German spectacle as "sickening and terrifying." "Such cruel policies as are referred to," he said, "will bring their own penalties. They will result in loss of international prestige, in moral reaction among the German people of far-reaching effect, in loss of trade and commerce."

Senator Robinson's speech came as a complete surprise. It spurred several other senators on to express their views on the subject, and they were all bitter in their denunciation of the treatment of German Jews. The topic was brought up in the Senate shortly after President Roosevelt had sent to that body the nomination of William E. Dodd of Illinois, prominent scholar and author, as ambassador to Germany (see page 1).

### Reichsbank Cannot Pay

The German Reichsbank has declared a moratorium on payments of both interest and principal on Germany's private debts which were contracted prior to July, 1931. This moratorium, as a matter of fact, will affect nearly all Germany's private debts. There is barely enough gold in the Reichsbank (Germany's national bank) to protect the German currency. Hence it would be extremely dangerous, in fact, impossible, say the Reichsbank authorities, to reduce these gold reserves to a lower level.

It is estimated that these debts amount to \$4,820,000,000. About two-fifths of the total is owed to investors in this country—investors who bought German municipal and state bonds.

Not only the question of Germany's pri-

vate debts but also of other debtor countries will be an important issue at the World Economic Conference.

### Eastman Appointed Coordinator

President Roosevelt has offered the post of federal coordinator of transportation (the office created by the railway legislation which Congress approved the last few days of the session) to Joseph B. Eastman of the Interstate Commerce Commission. The office of coordinator will, if Mr. Eastman accepts it, offer him ample opportunity to display his keen ability. He will have wide authority in compelling railway companies to make drastic economies in their systems. And this is just in his line. Time after time he has urged that railway systems be reorganized so they could be placed on paying bases.

Railway workers are protected under the new legislation, however, as no order given by the coordinator is allowed to have the effect of reducing the number of railway employees below the level of May, 1933. Economies must be made by eliminating duplicate lines and by other methods.

### Four-Power Pact Signed

Great Britain, France, Germany and Italy have signed the four-power treaty to assure peace in Europe for a decade. This treaty, originated by Premier Mussolini of Italy, is acclaimed by many as the greatest step toward European peace since the creation of the League of Nations.

One feature of the treaty provides for collaboration and consultation by the four powers on all important political and economic questions. Another admits the principle of treaty revision, but only through the machinery of the League of Nations. The treaty further provides that the four signatories consult in case the disarmament conference ends in complete failure. It is emphasized that this pact between the four nations is by no means meant to replace the authority of the League, but on the contrary it is meant to strengthen the League.

The significance of the treaty lies in the fact that Germany and France, considering their wide divergence of views, would join hands in such a movement. The more optimistic supporters of the pact believe that it will not only prevent what seemed to be an inevitable European war, but it will also, in the course of the next ten years, result in a peaceful settlement of certain boundary lines which are now the sources of bitter hostilities.

### Spain in Trouble

Europe's youngest republic, Spain, is passing through a crucial period. Last week, President Zamora, acting under pressure from various groups, dismissed Premier Azana, the "strong man" of Spain. The retired premier is the leader of the

"Republican Movement," the party which stands for the redistribution of lands and other radical reforms. He has headed a coalition cabinet during the last year and a half which is dominated by Socialists (the most powerful single political group) and Republicans. A great deal of radical legislation has been pushed through the Cortes (parliament) by the Azana régime.

Recently a law was passed barring 80,000 monks and nuns from teaching, which is a part of the government's campaign to keep the Catholic Church out of public affairs. Church quarters are infuriated at this law and it was, in large part, due to church pressure that President Zamora decided to compel Premier Azana's resignation. The opposition to the Azana cabinet also included those on the extreme Right who desire a return of the monarchy and those on the extreme Left who wish to establish a social and economic order similar to that of Russia.

After forcing the retirement of Premier Azana, the Spanish president tried several days without avail to select a premier who could form a new cabinet. The minority leaders could not agree among themselves. As a last resort, President Zamora had to recall the retired premier, who immediately formed another cabinet, though not much different in make-up from his old one. Hence the situation is the same as it was at the start.

### Cuba Surprised

The prospects are exceedingly bright that the reign of terror which has taken hundreds of lives in Cuba may soon cease. President Gerardo Machado who has ruled the Cubans with an iron fist, greatly surprised his political opponents a few days ago by pronouncing in effect that he would no longer wield dictatorial powers over his countrymen. He advocated constitutional reforms. He asked that the office of vice-president be created, and it was inferred by many Cubans that once a vice-president was elected, Machado might resign in his favor.

This action on the part of President Machado has been favorably received by his opponents, most of whom are anxious to restore a democratic government for Cuba. It is thought in Washington official circles that Sumner Welles, American ambassador to Cuba, played an important role in influencing Machado's move.

### Meyer Buys Newspaper

Eugene Meyer, former governor of the Federal Reserve Board, has gone into the newspaper publishing business. A short time ago he purchased the Washington Post, which was sold at auction for \$825,000. He emphasized that the paper had been bought solely on his own behalf, that it would be entirely independent and that it would not be used as an organ for any special group or organization.

### World's Largest Clock

The largest clock in the world has been installed in the Eiffel Tower of Paris. The dials on the clock are 65 feet in diameter. The peculiar thing about the clock, which is located 665 feet from the ground, is that it cannot be seen in daylight. It is luminous and is visible only after dark.

### 11 to 0

On June 13 Massachusetts joined the list of those states (11 in all) which are committed to repeal of the Eighteenth Amendment. The wet cause won a smashing five to one victory. Three more states vote on this issue June 20. One of these is Iowa, which the dries are counting heavily upon to check the rising tide of anti-prohibition victories.

### 1936 Olympics at Berlin

The International Olympic Committee which held meetings last week in Vienna, decided that either the Hitlerite government would have to allow Jews to play on the German Olympic team, or the 1936 games would not be held in Berlin as had previously been scheduled. The Hitlerite government yielded. It promised that Jews would be given the same opportunity as others to make the German team. Therefore, the next Olympic games will be held in Berlin.



THE UNITED STATES TREASURY

Money flowed into Uncle Sam's vaults by the hundreds of millions when the recent bond issue was five times oversubscribed.



# The AMERICAN OBSERVER



Published weekly throughout the year (except two issues in December) by the CIVIC EDUCATION SERVICE, 744 Jackson Place, Washington, D. C.

Subscription price, single copy, \$3 a calendar year. In clubs for class use, \$1 per school year or 50 cents per semester. Entered as second-class matter Sept. 15, 1931, at the Post Office at Washington, D. C., under the Act of March 3, 1879.

## EDITORIAL BOARD

CHARLES A. BEARD HAROLD G. MOULTON  
GEORGE S. COUNTS DAVID S. MUZZEY  
WALTER E. MYER, Editor

VOL. II WEDNESDAY, JUNE 21, 1933 NO. 40

## A NEEDED REFORM

The New York *Herald-Tribune* is of the opinion that the large number of motor fatalities each year is chiefly a result of the extremely lax examinations which are required of automobile drivers:

A few centuries from now historians may write down among inexplicable popular delusions of this twentieth century the quaint idea that any one can drive a motor car. A locomotive unquestionably is far less dangerous than an automobile, if for no other reason than because it usually is on its track. It indubitably is easier to drive. Yet locomotive engineers must undergo years of training and practice and must pass a set of physical and mental examinations scarcely less rigorous than those for aviators or explorers. In most states of the Union and most countries abroad any one not obviously insane or dismembered is provided by his or her dotting government with a license to take out a ton or two of moving machinery and begin to murder his fellow-kind.

Agitation against the mounting toll of automobile fatalities—what the National Safety Council picturesquely calls "auto-cides"—is slackening just now because the statistical number of these deaths is falling. This is a false security. The number of auto vehicles in service has decreased, probably, by between 10 and 20 per cent. This enormously reduces congestion on the roads. The result should be an equally enormous decrease in fatal accidents. Bad driving, while perhaps not decreased by these effects of the business depression, becomes far less likely to be fatal when streets and highways are not overcrowded. It may be a reasonable guess that the 10 or 20 per cent decrease in the number of cars should cause a decrease of 50 or 60 per cent in the number of deaths from accidents. In fact, the decrease of deaths is about 10 per cent. Actually, therefore, auto-cides are increasing, not decreasing. The same condition exists, other recent figures show, in England and in Germany.

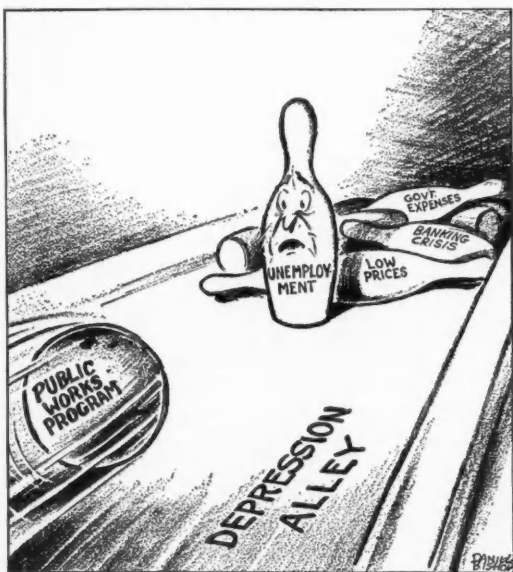
Auto-cides will really decrease only when would-be drivers are tested as are locomotive engineers, those with imperfect sight or hearing, bad muscular coordination, uncertain judgment and similar defects being barred. If this seems too expensive a procedure for practical politics, there is the expedient, oftentimes suggested by safety psychologists, of requiring every driver who has his first minor accident thereupon to undergo at his own expense a sufficient set of mental and physical tests prescribed by public authority and administered by approved physicians or other experts.

## Prices Rise Abroad

The New York *Journal of Commerce* reports that there are favorable indications to the effect that the recent upward trend in prices in this country is being followed by similar trends in other nations:

The price index of the London *Economist* shows that British prices advanced 3½ per cent in the four weeks ended May 31, whereas the new daily index of the *Journal of Commerce* indicates that American commodity prices rose 6½ per cent during the month of May.

Information available seems to indicate that recent sharp rises in American markets are finding some reflection abroad,



HEADED FOR THE KING-PIN

—Bishop in St. Louis STAR AND TIMES

but this is largely confined to prices of raw materials which have a world-wide market and especially those in which the United States holds a predominant place either as a buyer, consumer or producer.

## Old-Age Pensions

Old-age pension laws are making rapid headway. In fact, as the Des Moines *Register* points out, this system of dealing with older persons without means of support has already been adopted in a large number of states.

Those who are under the impression that the old-age pension plan is still an almost untried and somewhat radical reform proposal have not kept pace with its growth in recent years. Alaska need no longer be cited as a pioneer and model in this regard, for 17 of our states had passed permissive legislation by last year and 11 of these already had the plan in operation.

This year, legislatures in 7 other states have provided for old-age pensions, and at least 3 more have the program so nearly completed that its going into effect is only a matter of time. So it may safely be said that the system will shortly be in operation in more than half of the 48 states. Even in 1932 there were 100,000 elderly persons without other support receiving pensions through state plans.

## Cities and Populations

Certain cities have many more young inhabitants than other cities of the same size. The Boston *Evening Transcript* comments on the various influences which are at play relative to the differences in age groups among the cities of the world:

From some statistics gathered by the Metropolitan Life Insurance Company it appears that the age of a city bears no relation to the age of its inhabitants. In ancient, half-deserted villages and decaying towns the vestiges of population are generally bowed with the weight of years. The youth have fled. But cities still vigorous, even those that have known ages of vicissitude, that have been at one period tremendously populous, then shrunk to almost nothing, and again enjoyed a renaissance, tell another tale. Rome today has a larger proportion of young people in its population than New York, which, as cities go, is one of the upstarts among them.

Several influences contribute to the disparity among the age groups in the great cities of the world. First, there is the birth rate. In Rome it is higher than in New York—higher, indeed, than in any other capital except Tokio. Second, there is the migration from the country to the town. It usually reaches its greatest height in the groups beyond the juvenile period, and it is more characteristic of American than of foreign peoples. There is more fluidity of movement among us.

## Cyrus H. K. Curtis

The recent death of Cyrus H. K. Curtis was a great loss to his countrymen. President Roosevelt led the nation in paying tribute to the life work of Mr. Curtis. The Indianapolis *Star* editorially eulogizes his career:

The life of Cyrus Curtis maintained the best American traditions. It depicted in brilliant success the moral always pointed in juvenile fiction of an earlier day—the rise from poverty to riches and honor through industry and perseverance. He was peddling newspapers at 12. Soon he began publishing a small paper, the start of a career which led to ownership of the *Saturday Evening Post*, *The Ladies' Home Journal*, and *Country Gentleman*, three Philadelphia and one New York newspaper.

The "H. K." in Mr. Curtis' name were the initials of a well-known New England musician a century ago. The publisher displayed an early interest in and appreciation of music which never waned. His financial aid was always generously extended to the Philadelphia Symphony Orchestra and other musical enterprises of the city. His fortune was used in other splendid philanthropies. Colleges, academies and hospitals benefited by millions in bequests. His life was an inspiration to Americans of every degree.

## Intra-Nationalism

The World Economic Conference is usually thought of as a contest between nationalism and internationalism. The Philadelphia *Public Ledger*, however, believes that our policy at the conference will not be the extreme of either of these two doctrines, but instead that our delegates will seek a middle course:

Secretary of State Hull has spoken of the necessity of riding the world of economic nationalism. It might be imagined that the alternative is internationalism—a solicitude for the prosperity of all the nations even at the expense of the United States, and that such a doctrine is to govern our policy at the World Economic Conference.

This, however, is an incorrect view. President Roosevelt has called his thesis intra-nationalism. His theory is that each nation should take measures for its own good, both nationally and internationally, at the same time refraining from taking unfair advantage of other nations.

International economic and commercial competition has always been a cutthroat game. In the president's opinion this practice should be discouraged. His thesis is that all nations should do the best they can for themselves and maintain cordial economic relations with their neighbors. The doctrine is rather revolutionary. The results will be interesting to observe.

## Freedom of Speech

Several nations in which revolutions have occurred of late, have completely abolished freedom of speech and of press. Other nations such as Italy and Russia have not allowed the free expression of opinion for a number of years. The Salt Lake City *Tribune* denounces those governments which suppress news and opinion:

The International Chamber of Commerce takes a logical and reasonable course as it declares against world news monopolies and transmission restrictions which tend to block the free flow of untrammelled opinion. In this day of inescapable international relationships nothing is more important than the free



A LOT OF EXCITEMENT FOR ROBINSON CRUSOE  
LET'S HOPE THEY DON'T RUN INTO EACH OTHER.  
—Brown in N. Y. HERALD-TRIBUNE

circulation of world news. Any other course points to suppression or censorship, which is contrary to the needs of national and well-balanced public opinion in all parts of the world.

The resolutions of the Chamber declare for freedom of the press in all parts of the world and specifically condemn that practice which permits a government to dictate what shall and shall not go out on its news wires. Nothing in modern life is more salutary or wholesome than the free expression of public opinion.

Nothing is more dangerous to that idea than efforts to direct the course of that opinion through distortion or suppression of the facts on which that opinion must be based if it is to be sound and progressive. The time has long passed when the world's peoples could not be trusted with unbiased and uncolored news facts. This information is vital, not only to the people, but to governments in their official complexity. It is the basis of hope for a forward-looking civilization. It is encouraging to note that the business leaders of all nations, as represented in the chamber, agree on this course for the future.

## Dollar Well Spent

The New York *Evening Post* gives an interesting account of what happens to a dollar which is used to buy Christmas seals:

Persons who buy Christmas seals in order to assist in the battle against tuberculosis and other deadly enemies of humanity will be interested in knowing just how a dollar exchanged for these seals is spent. Twenty-eight cents of it, according to the report of the New York Tuberculosis and Health Association, went for information and other aid—5,900 persons called at the office of the Association last year, not knowing where to go for examination or treatment. Eighteen cents of the dollar went for child health work, including the maintenance of three baby health centers and visits by nurses to homes. Another 18 cents went for heart work, partly for research by methods which are being copied in Europe and partly for direction of persons in need of examination and treatment. Twelve cents went for general health education by radio, movie, printed matter, lecture, and other mediums. Ten cents went for research, 5 cents for clinic service, 3 cents for industrial health work, another 3 cents for social hygiene, 2 cents for dental hygiene, and 1 cent for cooperative activities. A dollar well spent.

Mexico is paying a pension to descendants of Montezuma, while we haven't a single veteran of King Philip's war or the Pequot rebellion on the pension lists. Yet Mr. Roosevelt is dissatisfied.  
—New York TIMES

Text of "originals" at the Greenwich Village poetry exhibition sold for 10 to 30 cents. It looks as though the young intellectuals had won their fight for free verse.  
—Los Angeles TIMES

Fortunately the president realizes that the major measures enacted by Congress need major generals to give them marching orders.  
—Washington Post

What's going to become of the colleges now that practically all the professors are at work down in Washington?  
—New York HERALD-TRIBUNE

Bet Uncle Andy Mellon gets a good laugh every time Secretary Woodin has to deny a resignation rumor.  
—Toledo BLADE

Treason doth never prosper: what's the reason?  
Why, if it prosper, none dare call it treason.  
—Sir John Harrington

Money is not required to buy one necessity of the soul.  
—Thoreau



## British Economist Details New Society

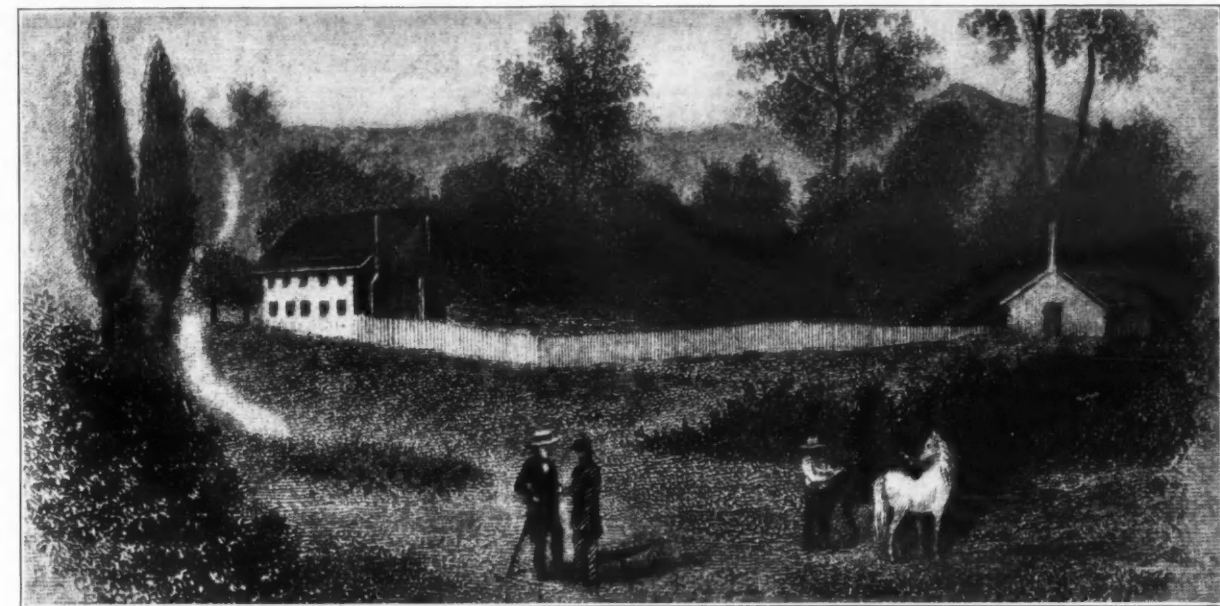
Sir Arthur Salter, in Series of Lectures, Sets forth Plan for Economic Reorganization

A book that may be read with profit by everyone interested in the profound changes which our economic system is undergoing at the present time is Sir Arthur Salter's "The Framework of an Ordered Society" (New York: The Macmillan Company, 75 cents). It is a short book—only sixty pages in all—and consists of three lectures given by the noted British economist early this year at Cambridge. Moreover, it is significant in that it marks certain changes in the author's economic philosophy since his last treatise on the depression, "Recovery: The Second Effort," was published.

In his previous work, Sir Arthur appeared to believe that the old economic system of *laissez-faire*, extolled by economists for more than a century, was as efficacious today as ever if only it were permitted to function without such shackles as tariffs, war debts and other barriers to international commerce. In the present volume, he joins the ranks of the outright planners who believe that the changed conditions of the twentieth century call for a new economic order. Sir Arthur does not advocate the regimentation which characterizes either the communistic or fascist states but believes that a large degree of individual freedom may be retained through the proper sort of economic planning.

Sir Arthur calls attention to the various factors which prevent the smooth running of the economic machinery along *laissez-faire* lines. He points out that monopolies have destroyed the adjustments formerly made automatically by free competition. He realizes that labor unions which prevent the automatic regulation of wages through competition have played an important part and finally that the increased social services which must be made tend to cause dislocations.

As the title of these lectures indicates, Sir Arthur lays down the skeleton of an organization for economic planning. Rather than having government assume a dictatorial role in the regulation of industry, he would place as much responsibility as possible in the hands of industry itself—self-discipline. Leaders of each in-



ONE OF THE HOUSES IN WHICH ANDREW JACKSON LIVED

The Hermitage—Erected as a blockhouse prior to 1795 when Jackson bought it. He remodeled it and lived there from 1804 until 1818 or 1819. (Illustration from "Andrew Jackson, the Border Captain.")

dustries should form committees to work out plans for that particular industry, something of the trade association idea. In order to centralize the control, councils should be placed over these and at the top there should be a National Economic Council which would act by governmental fiat.

Sir Arthur calls for more government by economists and less by politicians than we have heretofore been accustomed to. The executive should be given more authority in matters of legislation and should be constantly surrounded by economic advisers. These conditions, it will be noted, have been carried out to a considerable degree in this country during the last few months. Congress has, in many instances, delegated authority to carry out a program the details of which have been left to the president's own discretion.

As a matter of fact, Sir Arthur's discussion should be read as a theoretical commentary on the practical experiment in national planning which we are making at the present time. The control of American industry provided for in the National Recovery Act bears a striking resemblance to the sort of thing Sir Arthur is talking about.

### ANDREW JACKSON

Marquis James, whose biography of Sam

Houston was awarded the Pulitzer prize for 1929, makes another important contribution to American biography in his latest work, "Andrew Jackson: The Border Captain." (Indianapolis: The Bobbs-Merrill Company, \$3.75). This volume carries Jackson up to the year 1824 when he was first elected president of the United States. Supposedly Mr. James will complete the career of Jackson in a subsequent volume.

Those who are interested in that period of American history generally catalogued as Jacksonian Democracy will find valuable material in this book. Not that Mr. James covers the period itself, but that he gives a background

practically indispensable to an understanding of the forces and conflicts which characterized the two Jackson administrations. He has gone to great pains to uncover new materials in order to paint an accurate period of this early part of Jackson's life and as a result has brought out new facts and given an interpretation heretofore unknown to the general reading public.

Contrary to so much of the biography of the last few years, Mr. James' work does not consist of debunking. It does not attempt to smear the character of Jackson or to berate his achievements. Nor does Mr. James go to the other extreme of discoloring the career of his hero in such a way as to bring out only the admirable traits and accomplishments. Rather he undertakes, as the true scholar should always do, to study all the available evidence and to draw his conclusions as impartially and unemotionally as possible.

In this volume, we get a glimpse of Jackson's childhood in South Carolina before and during the Revolutionary War;

we follow his early career as a lawyer; we watch him in Tennessee as attorney and merchant and later as the first member of the House of Representatives from the new state. Mr. James treats adequately the question of Jackson's marriage with Rachel Donelson Robards which figured so prominently in the election of 1828 when the legality of the 1791 ceremony was brought to the public attention. But perhaps more important and more interesting than these episodes of the early period of Jackson's life were his adventures against the Indians and at New Orleans and later his role in the invasion of the Spanish territory of Florida.

While this work lacks some of the romance and glamour of the more fictionized biographies, it is by no means dull reading. Mr. James writes well. He sandwiches in sufficient first-hand material to vitalize his work. And he is particularly discerning in his selection of pertinent material. This, coupled with an abundance of notes and adequate documentation, makes Mr. James' work one of the outstanding biographies of the year.

## FROM THE CURRENT MAGAZINES

"INSURANCE SUPERVISION: A MYTH" by Benedict A. Leerburger, *Nation*, June 14.—State supervision of insurance companies is so lax as to offer little protection either to policy holders or investors. An example of the laxity of supervision is afforded by the permission given by state authorities to the insurance companies to value their securities falsely in their reports. The companies are permitted, in making public the value of their stocks and bonds, to state "the average price of stocks and bonds as reflected by the exchanges for a range of five quarterly periods, ending September 30, 1931." In many cases securities have declined in value to but a fraction of that amount. Thus the published reports are grossly inaccurate as statements of the financial condition of the companies.

"JAPAN IN CHINA" by Nathaniel Peffer, *New Republic*, June 14.—Japan has conquered Northern China and may do with it as she pleases. The Chinese are impotent. The only check upon Japan is the possibility that imperialistic expansion may weaken the conquering nation. For this state of affairs Mr. Peffer blames the United States and the nations of Western Europe. At the close of the war they could have recognized China's demand for complete independence. They chose, instead, to hold that China was a backward nation, not qualified to exercise the rights of sovereignty. They refused to give up privileges of extra-territoriality and they denied China tariff autonomy. Japan can

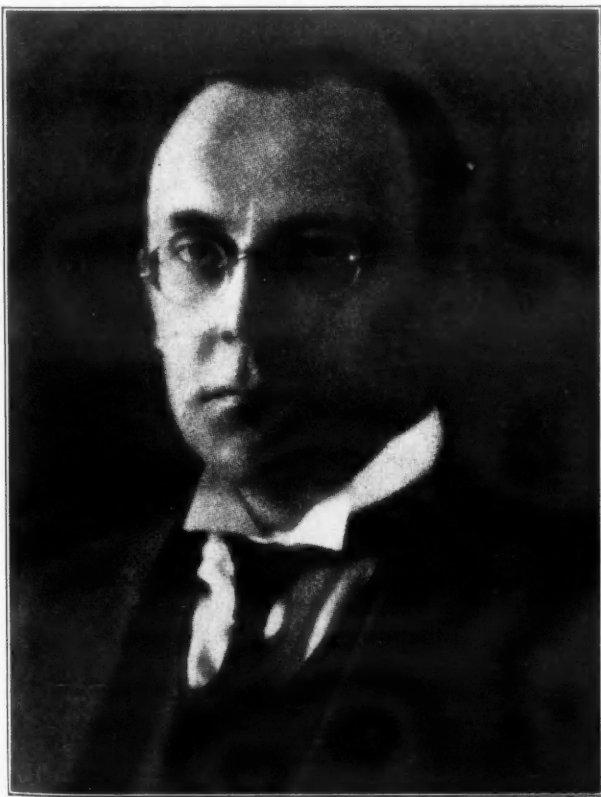
now conveniently use the arguments made by the western powers a few years ago in her claim that China is not a responsible nation to be accorded treatment due an organized, independent power.

"GO HOME, YOUNG MAN, GO HOME!" by Pare Lorentz, *New Outlook*, June.—Young men just out of college have been going away from home to find their opportunities. They have been going to the cities and have become servants of great corporations. They have been swallowed up in the impersonal process. Now opportunities of this kind are scarce and there is a fine chance for young men and women to carve places for themselves by staying in their own communities. There is plenty to be done in the home town, says Mr. Lorentz:

And I don't care what your ambition is. There is no part of home town life which doesn't offer opportunity. Your district attorney's office; the home town newspaper; your hospitals; your builders; your merchants. What do you find?

Your courts and legislatures have been content to follow their national parties, obsequiously picking up whatever crumbs the bosses tossed them. Your hospitals—God knows here is opportunity (as a government commission on medical care can well verify). Your newspaper is content to buy New York columnists and to feature articles about Chicago gangsters. Your housing is fifty years behind the times, and your merchants have long ago given over to the chain stores.

Your farms are loaded with mortgages, your banks are closed, and your state is groaning with taxes, and, having lost its identity and birthright, is feebly petitioning for Federal aid.



—Courtesy League of Nations Association

SIR ARTHUR SALTER





**A**N EXPERIMENT in international organization of considerable interest and importance, but one which does not often receive a great deal of public attention, is the system of mandates set up after the World War. The establishment of the mandates system marks a wide departure from the old methods of dealing with territory taken from enemies in time of war. For, rather than splitting up the territories as spoils of war rightfully belonging to the victors, and establishing colonial governments over them, the allies followed another course, clearly experimental in nature, in making final disposition of the overseas possessions of Germany and the Ottoman Empire. The statesmen meeting at Paris felt that the inhabitants of those regions were not sufficiently developed to govern themselves, and at the same time a majority accepted the idea that sovereignty should not definitely be transferred to foreign powers but that the advanced nations should have a trusteeship or guardianship over their affairs pending sufficient development for self-government.

#### Origin of System of Mandates

These principles were embodied in the Covenant of the League of Nations which gives legal sanction to the mandates system. Following the general lines of the fifth of President Wilson's "fourteen points," Article XXII of the Covenant declares:

1. To those colonies and territories which as a consequence of the late war have ceased to be under the sovereignty of the states which formerly governed them and which are inhabited by peoples not yet able to stand by themselves under the strenuous conditions of the modern world, there should be applied the principle that the well-being and development of such peoples form a sacred trust of civilization and that securities for the performance of this trust should be embodied in this Covenant.

2. The best method of giving practical effect to this principle is that the tutelage of such peoples should be entrusted to advanced nations who, by reason of their resources, their experience or their geographical position, can best undertake this responsibility, and who are willing to accept it, and that this tutelage should be exercised by them as mandatories on behalf of the League.

Now, the essential difference between the colonization policy of the last century and the policy of setting up mandatory states under the League is that the former disregarded the interests of the inhabitants and of the other nations, while the latter recognizes obligations toward the population of the mandated region and toward the rest of the world.

When, by the Treaty of Versailles, Germany relinquished authority over her possessions in Africa, Asia and Oceania, the allied powers made the following distribution of mandates: Togoland and the Cameroons in Africa to be divided between France and Great Britain by mutual agreement; German East Africa to Great Britain and Belgium, the eastern section, Tanganyika (tahn-janyee'ka), going to Britain and the western part, Ruanda-Urundi (roo-ahn'da oo-roon'dee), to Belgium; German Southwest Africa to the Union of South Africa, a British dominion; Samoa to New Zealand, also a British dominion; the German islands south of the equator to Australia and north of the equator to Japan; and the island of Nauru jointly to Great Britain, Australia and New Zealand. The allies divided the Turkish possessions as fol-

## Experiment of Mandates System Reviewed

By David S. Muzzey and Paul D. Miller

lows: Syria, including Lebanon (leb'a-non—short e and o) Province, to France; and Palestine, including the region known as Transjordan, and Iraq (ee'rahk) to Great Britain.

Because of the different stages of civilization of these regions, the mandated territories were divided in three categories, known as A, B, and C mandates. Class A mandates were those regions taken from Turkey the inhabitants of which had already attained a fairly high degree of development. Their status was to be one of semi-independence. They were given almost complete autonomy in governmental matters, the mandatory powers, Great Britain and France, acting as supervisors and the advisers giving only a small amount of assistance. This mandated jurisdiction was to be exercised only "until such time as they are able to stand alone."

In the cases of the German possessions, the mandatory nations were given greater authority because the inhabitants were less advanced. With the B mandates—those located in Central Africa—the mandatory was given complete administrative responsibility with safeguards for the protection of the natives, including the guaranty of freedom of conscience and religion and the prohibition of the slave and liquor traffic. It was also the duty of the mandatory to secure equality of treatment and opportunity for the trade of all other nations. Thus, the principle of the "open door" was guaranteed in these mandated areas, and the mandatory powers were prohibited from taking special favors for

themselves. The same safeguards with regard to protection of the population were also applied to the Class C mandates—Southwest Africa and the Pacific islands—but these were to be administered as an integral part of the mandatory nation. Thus, there was no obligation to guarantee equal trade opportunities to outside nations.

Now, in accepting a mandate over any one of these regions, a nation assumed certain responsibilities toward the League of Nations. In every case, it was obliged to follow the rules and regulations laid down. These were invariably designed to promote the interests of the native population rather than those of the mandatory. And, in addition, the mandatory nation was obliged to submit a regular account of its stewardship to the League of Nations, through a special commission established for that purpose—the Permanent Mandates Commission. This Commission is composed of ten members.

Legally, the Permanent Mandates Commission is only an advisory body the duty of which is to advise the Council on all matters pertaining to the regions placed under mandate. However, the Commission exerts far greater control. Since it is in closer touch with the conditions and problems of the mandated areas, it is better able to outline matters of policy than the Council. If the Commission, in its report to the Council, recommends a cer-

tain course of action with regard to the mandated regions, the Council generally submits this recommendation to the mandatory nation with a request that the necessary steps be taken.

While specific supervision of the mandates is placed in the hands of the League Council, the Assembly also plays its part in determining policy. Every year, the secretary-general of the League makes a report to the Assembly in which he outlines the record of the

Mandates Commission and the action taken by the Council during the course of the year. Members of the Assembly are thus given an opportunity to debate questions relating to the mandates, and may make suggestions. In this manner, the activities of the mandatories are constantly called to the attention of the world and in the event a mandatory power has not fulfilled fully its obligations of trusteeship, it becomes the object of criticism and opposition.

Under the mandates system, the natives of any of the regions in question may petition the Mandates Commission if they feel that the mandatory power has overstepped its bounds and taken any action whatever in violation of the principles laid down in the League Covenant. Thus, unlike the inhabitants of the colonial regions who have no redress if the power under whose flag they live refuses to grant their requests, the inhabitants of the mandated regions may bring their grievances before an international tribunal.

With the formal admission of Iraq to the League of Nations last October, the first experiment with the system of mandates came to a close. Many observers of international affairs heralded the event as a triumph for the system. They pointed out that the granting of mandates over certain areas did not, as many had feared, lead to the annexation of those regions. Moreover, they point to the progress that Iraq made under the British mandate declaring that without such guidance, the country would not have been prepared for nationhood.

But, on the other hand, the ending of the British mandate over Iraq has been sharply criticized by some observers who declare that the Iraqis were not prepared for independence and that Great Britain was anxious to release them in order to be relieved of an unpleasant and onerous task. They point out that there is a fundamental weakness in the procedure of releasing a mandate since most of the responsibility rests with the mandatory power. It is to be noted that many of the members of the Mandates Commission appeared to be rather dubious as to Iraq's ability to govern herself. Moreover, criticism has arisen over the present relations between Britain and Iraq. By a treaty signed in 1930, the two nations formed a twenty-five-year alliance which authorizes Britain to maintain air bases and troops in Iraq, and grants her other concessions.

The justice or injustice of these criticisms may not fully be determined at present because of the relatively short time Iraq has been allowed to stand on its own. Whether, in releasing Iraq, Great Britain was washing her hands of an irksome duty or was carrying out the spirit of the mandate will probably always be a debatable question. But future events in the historic land of Mesopotamia will be followed with acute interest because they will bear an important relationship to the future of the entire mandates system.



PALESTINE—ONE OF THE MORE IMPORTANT MANDATED COUNTRIES  
A STREET IN THE JEWISH QUARTER, JERUSALEM

© Ewing Galloway





THAT'S ALL WE NEED YET!

—Hanny in Philadelphia INQUIRER

## Delegates Gloomy as Trade Parley Opens

(Concluded from page 1, column 1)

of the yen and increased export dumping; the United States had apparently given up its intention to lower tariffs substantially; the tariff truce proposed by the United States some weeks before had proved virtually ineffective, having been accepted by only fourteen nations and then often, as by Great Britain and France, with crippling reservations; the currencies of various countries, particularly that of the United States, were fluctuating alarmingly; and finally, the war debt controversy hung like a pall over the entire conference as the European nations seemed about to default on their payments to the United States and thus add to the already abundant ill feeling.

### Outlook Dim

This, it must be admitted, was hardly a propitious atmosphere in which to convene an international economic conference. The outlook for any kind of action was so dim, that Raymond O. Moley, assistant secretary of state, felt constrained to issue a second warning to the American public not to expect anything much of the conference. In one of his weekly copyrighted articles for the McNaught Syndicate, Dr. Moley said that the meeting must not be pictured as "a glorified market place, but as a means for the friendly exchange of ideas for the development of common understanding of universal difficulties and for the final solution of many, although not all, of international problems of exchange and trade."

There are some who are not anxious over developments in London and who maintain that the way out of the depression is to be sought primarily within our own borders. They believe that we should lay greater stress on domestic policies than upon policies which would increase the interdependence of nations. Instead of seeking to increase our export trade, we should strive to become economically independent and not be obliged to depend upon foreign markets for a considerable proportion of our prosperity. Briefly, this school of thought holds that the more self-sufficient we are the better off we shall be. If we can so organize ourselves as to be able to consume our own products, we will not have to worry about what goes on in other parts of the world.

This assertion is made frequently enough to warrant attention. It is worth while to examine the theory advanced by this nationalistic school of thought. Could we live unto ourselves alone if we had to

and would such be a more desirable existence?

### Is Self-sufficiency Possible?

As to our ability to produce enough for our own needs there is little necessity for discussion. We have a large country, a varied climate, an abundance of minerals and all kinds of industries. With few exceptions we would not have to buy anything from abroad. If we did not wish to. In fact, we have overproduction, or underconsumption, of many things we require. We would not have to fear eventual dependence on foreign markets as the result of an increase in population.

But it is this very problem of overproduction which leads us to wonder if we could get along so well without selling abroad as we could without buying from abroad. And it must be emphasized that foreign trade is a two way affair. If a nation does not buy it cannot sell. It cannot long exchange goods for gold but must trade goods for goods. Therefore, if we are determined to become self-sufficient and stop importing we must also make provision to stop exporting.

How would this affect us? There is evidence that it would work tremendous hardship on a number of our major industries. In normal times we export 10 per cent of our domestic production. This figure does not seem so large and it might be argued that it could be absorbed. But it must be remembered that the 10 per cent figure for our export trade is nothing more than a general average for our total production. It does not reveal the vital importance of export trade to certain industries which customarily ship abroad much more than 10 per cent of their production. The following figures for the year 1929, showing the percentage of certain commodities which went into export trade, are illustrative of this point:

Commodity	Per Cent
Cotton	54.8
Tobacco	41.2
Lard	33.3
Wheat	17.9
Copper	36.0
Kerosene	34.0
Lubricating Oils	31.0
Gasoline	13.8
Typewriters	40.1
Printing machinery	29.2
Sewing machines	28.0
Agricultural machinery	23.3
Locomotives	20.8
Passenger automobiles	14.0

### Effects

It is perfectly obvious that these industries would be crippled if they were not permitted to sell abroad. And it is hard to see how domestic consumption could be expanded to compensate for the loss of foreign markets. We would have to consume twice as much cotton as we do now, smoke nearly twice as many cigarettes and cigars, use about a third more copper and so on down the list. The main reason why these industries have developed to such a point is that they could find foreign markets. Thus to curtail them would be like tearing out a vital part of our economic structure. The inevitable result would be a general lowering of the standard of living among the American people.

This is all the more true when we consider the influence which these industries geared up to export selling have on our own domestic markets. The following passage, quoted from Moulton and Pasvol'sky's

"War Debts and World Prosperity" are significant:

The loss of foreign markets would, in fact, lead to a shrinkage in the domestic market. If the cotton, tobacco, or wheat producing areas are seriously depressed as a result of the loss of foreign markets, the purchasing power among vast sections of our population is curtailed, and, in consequence, their ability to purchase goods in the domestic market is lessened. Within the last few years we have been witnessing in a most convincing way the effects of agricultural depression not only upon the demand for manufactured commodities but upon our whole economic and financial organization. The agricultural depression has brought with it the failure of thousands of banks, the impairment of the investments of insurance companies, and widespread default on municipal and other local securities. In a similar way, the depression in areas producing raw materials and in industries which sell products abroad has had its repercussions throughout the entire economic system.

It may be suggested, however, that we could shift the capital and the population that is now engaged in the production of goods for export into other lines whose output could be sold in the domestic market. In the long run, it would seem that in a country of such vast resources as the United States we might gradually reorganize so as to become completely independent of the outside world. Such a reorganization is theoretically possible, but as a practical matter it is beset with virtually insuperable obstacles. The primary difficulty is that we are now equipped to produce in nearly all lines, goods in excess of the absorptive capacity of our own markets, and it is difficult indeed to find lines of production which are capable of being expanded so as to absorb capital and labor released from other lines. For some years we have been endeavoring to effect agricultural readjustments, and even during the period of expansion we met with little success. It is doubtful indeed whether our economic system could survive amid the difficulties that would be involved in effecting the wholesale shifts that would be required to make this country independent of foreign trade.

The conclusion, therefore, is that as a practical proposition it is impossible for us to maintain, much less expand, our domestic markets unless we maintain at the same time our export markets and the prosperous conditions which such markets mean for many important basic lines of American agriculture and industry. There never was a more complete economic fallacy than the one now prevalent—that this country can turn its back on Europe and prosper by so doing.

### What May Be Expected?

When this evidence is considered the importance of the World Economic Conference stands out clearly. To a limited extent we can fight the depression alone but we cannot hope for a full return of prosperity until there is a restoration of world trade. The delegates from this country, and from all countries, now in London realize this. They know why it is so often said that the conference must not be allowed to end in failure.

But what is to be hoped for from a meeting which began so inauspiciously as the World Economic Conference? It would seem that there is slight hope for tariff reductions with the nations in their present frame of mind. It must be borne in mind, however, that the object of the meeting is not to induce all nations to adhere to one treaty or convention. In this respect the London meeting differs from the Geneva disarmament conference. An effort will be made in London to promote a number of agreements between a number of different nations. Thus, two or more nations might consent to exchange an increased quantity

of specific goods by which they would both stand to gain. They would not have to wait for all other nations to ratify a treaty. In this way, through numerous bilateral pacts it is hoped that a freer flow of goods among nations can be restored. The obstacles are tremendous, to be sure, but the issue at stake is so great that the delegates will lose no opportunity to achieve the very most that can be achieved. And the conference will not only concern itself with tariffs. There are such problems as currency stabilization and exchange restrictions which greatly hamper world trade to be dealt with. It is believed that something will certainly be accomplished along these lines.

### THE WASHINGTON SCENE

(Continued from page 8)

committee in many years. Reluctantly, and obstinately, O. P. Van Sweringen described how he and his brother, M. P., had built a local, grass-strewn trolley line outside of Cleveland into a railroad empire once estimated to be worth \$1,000,000,000. Even now, with depreciated prices for securities, the railroad is still there, and may again regain something approaching its old value. In area it reaches from the Port of New York to the Port of Norfolk, and its western border is bounded by Salt Lake and Laredo, Texas, on the Mexican line. But thousands of investors have lost money in the process. Stock which the brothers, once known as "railroad wizards," sold at \$50 and more to a gullible public, is now worth about \$4.50, and has been as low as seven-eighths of a dollar. Thousands were not able to hold onto their high-priced Van Sweringen stock during its airplane spin, and their pretty securities now are not worth as much as cheap wallpaper.

In catapulting these two young real estate men to the throne of this railroad dominion, the Morgan firm did so by acting as both banker and investment distributor. Morgan loaned the brothers money with which to buy one vast property after another, and then he issued new stock so that they could pay back these loans. O. P. Van Sweringen testified that he had put in hardly a cent of his own money, and that every advancing step had been taken with the aid of the Morgans. Without the financial resources of the "Magnificent" Morgan, or some similar firm, behind them, the brothers would still be operating a suburban trolley line that was first built only so as to make their real estate development more accessible and more valuable.

WE TRIED WEANING BUT IT DIDN'T WORK VERY WELL  
—Darling in N. Y. HERALD-TRIBUNE

The cartoons on this page represent opposing views with regard to tariff reduction.



# Washington Anxiously Follows London Proceedings

**Tension Marks First Meeting of World Economic Conference as Varying Personalities Are Gathered Together. Capital also Interested in Latest Maneuvers of Carter Glass and Revelations at Van Sweringen Hearing.**

By Ray Tucker

Another group of doctors is sitting around the world's bedside these days, seeking to find a cure for the evils which have beset the nations for the last few years. From all corners of the globe have journeyed statesmen to London as representatives at the much-heralded Economic Conference. It will be their task to find solutions for such perplexing problems as chaos of currency, costly armaments, tariff and trade barriers and, in short, a return to something resembling prosperity. It is generally believed that no nation can prosper unless they settle these questions in a common-sense way. For years they have refused to handle international problems resulting from the World War realistically but sentiment for a new kind of treatment has grown fast since the 1929 collapse.

Each nation wants something different, and in this clash of interests there is grave danger of general failure. As the conference opened with an address by King George V of England, there was an atmosphere of pessimism in the great hall. Besides the controversies between the nations as to the best way to settle these problems, there are two definite situations which handicap any real settlement. In



GEORGE V

Germany Dictator Adolf Hitler is rattling the saber, stirring up racial hatred, and demanding revision of the Versailles Treaty so that Germany may once again take her place in the sunlight. France, remembering the agonies of 1870 and 1914, glowers across the Rhine, and openly says it will not tolerate a rebirth of a powerful Prussia. In the Orient Japan and China have but lately staged a terrific and bloody struggle, and until this problem is composed peaceably and permanently, other nations insist that they cannot disarm. Until Russia returns officially to the family of nations, or is recognized by the great powers, settlement of questions in which she must have great voice and influence seems impossible. Overshadowing even these specific obstacles is the fierce economic struggle for markets in which every nation is now engaged.

Some people think it ironic—and prophetic—that the conference is being held in the Hall of Fossils of the Geological Museum of London. They fear that this may be just another conference which will get nowhere, and that any fine and high-sounding agreements negotiated may as well be left in the place where the delegates are meeting—a museum. So many other conferences since the World War have ended in just this way, that there is some basis for this belief. On the other hand, optimists profess to believe that at last the nations are in a state of mind to make a beginning toward settling these great world problems.

## Flourishes and Ruffles

The conference opened on June 12 with the traditional flourishes and ruffles. A red carpet was unrolled down the middle hall, and right out to the curb, so that His Majesty's feet would not come in contact with hard ground or cement. Delegates were roughly pushed aside by the workmen as they emulated Sir Walter Raleigh. At one end of the great hall was a towering rostrum covered with

green cloth decorated with gold braid. The two side walls were draped with brown hangings in the spaces between the high, medieval windows. A canvas-covered skylight admitted London's gray sunlight. In front of the rostrum, and ranging down the center of the room from front to back, were three rows of desks, each seating four men. These were for the delegates. Along the side walls were rows of similar desks for experts and 300 newspaper men.

Tucked away in a far corner were a few seats for the public.

The place looked like a circus, with delegates, experts, reporters, workmen and cleaners mulling around the hall on opening day. One of the first delegates to arrive was Chancellor Engelbert Dollfus of Austria, who is known as "A pocket Napoleon" because of his diminutive size. He is fifty-nine inches tall, bustles around like a bouncing ball, and grins at all jests at the expense of his small stature. Near him stood Constantine Mayard, Haitian delegate. He is a six-and-a-half-foot giant, resembling Jack Johnson, former heavy-weight prize-fighter. To all who would listen he expounded his cure for his country's troubles. Thinking of the need for markets for Haiti's products, he said:

"Drink more rum and eat more bananas!"

## A Pandora Box of Troubles

Delegate Mayard's proposal may sound funny, but it shows vividly the nest of troubles to be disposed of. Each nation wants something different, and each representative is thinking in terms of his country's advantage. His statement of "Yes, we have some bananas," is not more bizarre or humorous, however, than Ger-

many's charge that France has "too many soldiers under arms." It is no different from Great Britain's complaint that France and the United States have cornered most of the \$11,000,000,000 in gold that constitutes the world supply.

Premier Ramsay MacDonald of England brought up a question bothering the United States when he demanded that the problem of war debts be settled here and now. Whereas England and France want this

great economic burden cut down, and immediately, President Roosevelt insists that the debt question is an altogether separate matter to be discussed with each individual nation.

With regard to currency, most of the leading nations are far apart. France, which is still on the

gold standard, wants her trade rivals to return to that basis so that they cannot outsell her in the world's markets. The United States and Great Britain, which are not on the gold standard, simply want a stabilization of currency, perhaps in a new ratio. Japan, which has a trade advantage because the yen is not worth as much as it used to be, is content to let it depreciate still further. How to reconcile these conflicting desires, and in such a way that existing governments and administrations will not be immediately turned out of office through hostile reaction among the people at home, is admittedly a difficult question. Though everybody hopes that a real, helpful, worth-while settlement will be reached, if only for selfish reasons, it would be foolish to be too hopeful.

## America's Delegates

The chief members of the American delegation are Cordell Hull, secretary of state; James M. Cox of Ohio, who was

the Democratic nominee for the presidency in 1920; Senator Key Pittman, Democrat, of Nevada, a specialist in silver problems; and Senator James Couzens, Republican, of Michigan, a practical economist and able business man. He was once Henry Ford's partner, and it was his genius in the business and selling end that transformed the Ford-Couzens investment of a few thousand dollars in a buggy-wagon into a great, dominant industry, with factories abroad. There are many expert advisers, and several members of the so-called Brain Trust will go to London sooner or later.

## Carter Glass Again

Senator Carter Glass, who figured in the Morgan inquiry as defender of the Wall Street firm, appears in a happier role this week. The little, waspish senator from Virginia has gone and done it again! Twenty years ago he snarled the Federal Reserve Act through the Congress in the face of the massed wealth and influence of Wall Street. When he had triumphed, Woodrow Wilson said of his peculiarity of talking out of one side of his mouth:

Carter talked that great bill through Congress out of one side of his mouth. Think what he could have done if he had used both sides.

Well, Carter has used both sides at this session. After bitter controversy lasting two years, he has maneuvered his new banking reform bill into a position where its passage now seems assured. At this writing it still stands in danger from a one-man filibuster during the closing hours of Congress, but even if it should fail now, it is in a position so that it can pass next January.

The bill is the most revolutionary and far-reaching banking legislation since the creation of the Federal Reserve System. It embodies lessons painfully learned during the Coolidge-Hoover boom of 1927-1929, and the Hoover crash of 1929. Its most radical feature is a guaranty of deposits in banks. But it also bars the use of your and my deposits for speculative purposes, and sharply restricts the activities of banks.

It will, ironically, force a great change in the House of Morgan, and similar unregulated "private banks." Under this measure they must choose whether they want to be banks or investment houses selling and distributing securities. They cannot be both. No matter which they decide to be, they must subject themselves to federal examination and regulation. Under the securities bill, a companion piece that has already become law, their issues of securities will be sharply watched and supervised by Uncle Sam. Both measures are part of the "new deal" in banking pledged by President Roosevelt in his inaugural speech. Although there is still much to be done before all his promises on banking reform are carried out, these measures make a good start toward "driving the money-changers out of the temple."

## A Shoestring Becomes a Railroad Empire

The need for these reforms was graphically illustrated recently in the most romantic story of high finance told to a Senate (Concluded on page 7, column 4)



THE BROTHERS VAN SWERINGEN  
Who, after Morgan, were called before the Senate Banking and Currency Committee.



© U. & U.  
CORDELL HULL



LOOKING DOWN ON THE SCENE OF THE WORLD ECONOMIC CONFERENCE  
An air view of the financial heart of London. In the center is the Royal Exchange and next to it the Bank of England.

© Ewing Galloway